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REPORT OF THE
COMPTROLLER GENERAL
OF THE UNITED STATES



Postal Service Acquisition Of
Land In Hamilton Township,
New Jersey

The Postal Service chose the proper economic alternative from among those considered in deciding to construct a new postal facility to improve mail processing capability in the Trenton area. Of the sites seriously considered, the Service chose the best from the standpoints of both operations and construction.

However, it did not adequately identify and consider other sites which were priced lower than the one selected and which may have been suitable alternatives.

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D. C. 20543

B-171594

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The Honorable Frank Thompson, Jr.
House of Representatives

Dear Mr. Thompson:

In response to your request, this report discusses the Postal Service's acquisition of land in Hamilton Township, New Jersey, for a mail-processing and vehicle maintenance facility.

As your office agreed, agency comments have been obtained and are included as appendix IV.

Sincerely yours,

James A. Stacks

Comptroller General
of the United States

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COMPTROLLER GENERAL'S REPORT
TO CONGRESSMAN
FRANK THOMPSON, JR.

POSTAL SERVICE ACQUISITION OF
LAND IN HAMILTON TOWNSHIP,
NEW JERSEY

D I G E S T

The Postal Service has acquired 31 acres in Hamilton Township, New Jersey, for a mail-processing and vehicle maintenance facility. It will replace an existing facility in Trenton. GAO examined the need and economic justification for a new facility, the site selection process, the Service's coordination with city officials, and the Service's assessment of the facility's environmental impact.

GAO concluded that:

- There is a need for improved mail-processing capability in the Trenton area.
- The Service chose the proper economic alternative from among those considered.
- Although the Service followed its site selection procedures, it did not adequately identify and consider sites priced lower than the one selected and which may have been suitable alternatives.
- Of the sites seriously considered, the Service chose the best from the standpoints of both operations and construction.
- The Service did not coordinate the project with city officials.

According to the Service, the project will have a minimal environmental impact.

CHAPTER 1INTRODUCTION

By letter dated January 27, 1975 (see app. I), Congressman Frank Thompson, Jr., requested that we review the Postal Service's acquisition of 31 acres in Hamilton Township, New Jersey. The land is to be used for a mail-processing and vehicle maintenance facility to replace the postal facility located in downtown Trenton and to consolidate Trenton area mail-processing operations.

The Trenton post office consists of two leased buildings-- a main building, which also houses Federal courts and other government agencies, and an annex behind the main building, which houses a vehicle maintenance facility plus some mail-processing operations. In addition, mail in the Trenton area is processed at the nearby Toms River Sectional Center Facility, a leased facility with about 7,800 square feet of mail-processing area.

Hamilton Township is a relatively rural township adjacent to the city. The proposed facility site, purchased for \$681,000 on December 30, 1974, is about 10 miles from the existing Trenton post office.

Pursuant to the Congressman's letter and later discussions with his office, we examined the Postal Service's (1) need and economic justification for a new facility, (2) site selection process, (3) coordination with city officials, and (4) assessment of the facility's environmental impact. We reviewed the Service's real estate records and cost studies and discussed the acquisition with Service, city of Trenton, and Hamilton Township officials as well as the realty appraiser and several other realtors in the area.

CHAPTER 2

FACILITY NEED AND ECONOMIC JUSTIFICATION

Improved mail-processing capability is needed in the Trenton area. Given the alternatives of improving the existing facilities or constructing a new facility to house all mail-processing operations, the Service chose the latter. We concur in that choice.

NEW FACILITY NEEDED

The need for a new or modernized postal facility is ordinarily established by local or district postal officials. This need most often results from population growth, with a resulting increase in mail volume, or a change in operational patterns.

Postal officials generally agree that a new or modernized facility has been needed in the Trenton area for several years because:

- Existing facilities, with 56,000 square feet of workspace, are being used to capacity. The Service estimates that it will need 145,300 square feet of workspace by 1987.
- Mail-processing operations are split between two buildings with some mail processing being done in basement locker rooms. In the Service's opinion this arrangement causes management problems in controlling mail-processing operations and results in additional operating costs and a deterioration of service.
- The annex is not air-conditioned and heating is insufficient.
- There is insufficient space for offices, toilets, locker rooms, and lunch rooms.
- The vehicle maintenance facility has only 3 bays to service over 300 postal vehicles. Nine bays are needed.

In addition, there is a chronic lack of parking spaces for both postal employees and customers. Parking for postal vehicles is also limited, and maneuvering space necessary for these vehicles is used for parking by other tenants of the building. Postal employees and customers must rely

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on either street parking--where cars are subject to overtime parking infractions--or privately owned parking lots where parking fees are increasing.

Crime has also been a problem at the downtown Trenton location, according to local postal officials. They said that during the past several years 10 postal employees were badly beaten and 4 required hospitalization for extended periods. There have also been several incidents involving property stolen from postal employees' vehicles.

Our tour of the Trenton post office and review of agency documents confirmed the need for a new mail-processing facility to serve the Trenton area.

ACQUISITION OF FACILITY
ECCNOMICALLY JUSTIFIED

The Postal Service identified three possible alternatives to meet the Trenton area's mail-processing needs.

Alternative A--The present facilities would be retained and an additional small mail-processing annex with parking spaces would be leased. The existing facilities would be renovated and mail-processing operations divided among the three facilities. In addition, mail-processing activities at the Toms River facility would be continued.

Alternative B--A facility would be constructed on a new site to house all mail-processing and related administrative functions. The current annex would be renovated and continued to be leased and used as a downtown lockbox lobby and carrier station. The main building would be abandoned but mail-processing operations would be continued at Toms River.

Alternative C--This alternative is the same as alternative B except that the new facility would be increased in size to include mail-handling operations now performed at Toms River.

After determining and comparing the costs and benefits of each alternative, the Service chose alternative C which gave the highest rate of return on moneys invested.

The Service's method of analyzing alternatives (internal rate of return) is generally accepted for alternatives which have different streams of costs or benefits. We, however, prefer the present value method recommended by the Office of Management and Budget in its Circular A-94. This

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method is based on the present value of the costs to be incurred in the future. To compare the desirability of alternatives having different cash flows, the cash flows under each alternative must be discounted to their present value. The alternative with the lowest cost in terms of present value is the most economical.

In making our analysis, we used a 7.45-percent discount rate, which was the average yield on outstanding marketable Treasury obligations with remaining maturities comparable to the period of the analysis. We also made certain adjustments to update the data used by the Service, to include real estate taxes foregone, and to omit certain mechanization costs and operating cost savings associated with new mail-processing equipment which would be the same under all alternatives.

Our analysis showed that alternative C offered a cost reduction of about \$5.9 million over alternative A and about \$756,000 over alternative B through 1987, as shown by the following table.

GAO Analysis Using Present Value Method

<u>Costs</u>	<u>Alternatives</u>		
	<u>A</u>	<u>B</u>	<u>C</u>
	(thousands)		
Main building and annex renovation	\$ 3,084.8	\$ -	\$ -
Annex renovation	-	648.3	648.3
Rent	11,971.0	-	-
Construction	-	13,285.7	13,589.9
Site costs	-	943.0	943.0
Transportation	227.7	613.6	105.7
Building operation	2,991.0	5,268.6	5,490.0
Real estate taxes foregone	-	6.2	6.2
Total costs	<u>18,274.5</u>	<u>20,765.4</u>	<u>20,783.1</u>
Less:			
Operating labor savings	-	-1,010.7	-1,624.8
Rental savings	-	-	-103.6
Residual value	-	-6,521.6	-6,660.9
TOTAL	<u>\$18,274.5</u>	<u>\$13,150.1</u>	<u>\$12,393.8</u>
Differences over alternative C	<u>\$ 5,880.7</u>	<u>\$ 756.3</u>	-

We believe the Service chose the proper alternative from those considered.

CHAPTER 3

SITE SELECTION PROCESS

The Postal Service followed its site selection procedures in choosing a site for the Trenton area facility. The \$681,000 paid for the site was the appraised fair market value which was in line with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601).

The Service, however, in attempting to prevent site costs from escalating, dealt only with site owners and not with real estate brokers. By following this practice the Service did not consider other sites in the Trenton area, which were priced lower than the one selected and which may have been suitable alternatives.

SITE SELECTION PROCEDURES

After identifying the need for facility improvements, local and district officials further define the need by preparing a Facility Planning Concept--a document which describes the functions to be performed in the facility, other facilities that will be affected, and the preferred site area where the new facility should be located. According to Service regulations, the preferred site area identified should not be so limited as to restrict a realty survey or favor a particular site.

The Service then estimates the total transportation costs for different assumed sites within the preferred site area and makes an economic analysis of alternative solutions.

The affected regional office prepares a site planning report on the basis of a survey conducted by a postal real estate specialist. This survey is performed to identify potential sites and to evaluate any environmental or equal employment opportunity problems with the sites. In making this survey, postal policy provides that initial inquiries, if possible, be directed to owners. While the policy does not specifically preclude contact with local real estate agents, postal officials at all levels--regional, district, and local--said that they do not contact real estate brokers or use open advertising to identify potential sites unless problems occur in obtaining sites.

Service officials said that contacting local brokers reveals Service interest in an area which causes unacceptable increases in land prices and gives brokers an opportunity to list potential sites and thus collect a commission on a sale.

After the site planning report is prepared and approved, a site selection committee--consisting of postal representatives from headquarters and regional departments--visits the recommended sites and selects one. The committee can also recommend alternative sites.

Before initiation of negotiations for the selected site, an appraisal will be made--either by qualified Service appraisers or an independent appraiser--of the fair market value of the property. This appraisal is made in line with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, dated January 2, 1971, which requires that the amount established by an agency as just compensation be no less than the fair market value of the property.

If an independent appraiser is used, his appraisal is reviewed at several levels in the Service by qualified appraisers, and the Service reserves the right to adjust the appraised fair market value. Once the fair market value has been established, the Service will provide the owner of the property a statement of the amount estimated as just compensation for the selected property. Upon agreement with the owner, the Service will obtain an offer to sell which gives it control over the site, and it will subsequently close the purchase.

TRENTON SITE SELECTION

The Postal Service followed its site selection procedures in choosing a site for the Trenton facility. A facility planning concept was developed and a space survey was conducted. As noted in chapter 2, there was a need for more space. The economic analysis justified the construction of a Service-owned facility designed to meet the Trenton area's need for 1977-87.

In a site planning report dated June 19, 1974, regional officials identified nine potential sites for the construction of the new facility. However, they eliminated five sites from further consideration due to the lack of sanitary sewer, water, and/or storm drainage. A list of the nine sites, their locations, and the reasons for rejecting eight sites is included as appendix II to this report.

The officials noted a possible problem in obtaining a sewage connection for the site ultimately selected and noted that bus service to the site was deficient. They expressed the opinion, however, that these problems could be easily corrected.

In identifying the nine sites, the postal real estate specialist adhered to the Service's practice of not contacting real estate agents. A Service official said that the sites were identified by "cruising the preferred area"--driving around the area to spot vacant land and sites posted with "For Sale" signs--and that this process identified available sites within the preferred area regardless of zoning or price.

The selection committee visited the four sites recommended in the planning report and on July 18, 1974, selected the site located on the southwest corner of U.S. Route 130 and Klockner Road in Hamilton Township. The site has a frontage of 1,000 feet on Route 130 and a depth of about 1,300 feet. The committee also selected an alternative site in the event the first choice could not be obtained in a timely manner.

On August 9, 1974, the Service contracted with an independent appraiser to appraise the selected site and arrive at a fair market value to be used as a basis for negotiations with the owner. The appraiser, in his August 26, 1974, report, recommended a fair market value of \$681,000 or about \$22,000 an acre. The appraisal was based on what was considered the best use for the property--a shopping center. This decision took into account the nature of the surrounding neighborhood and area in general.

In arriving at the appraised value, the appraiser investigated sales of similar type properties in and around Hamilton Township. Adjustments were made for time of sale, location, type of property, zoning, physical characteristics, and other conditions. According to the appraiser and Service officials, this is standard appraisal procedure. The appraiser said that the comparable sales were chosen from the sale of 18 properties and were selected because these sites had the most characteristics in common with the Service's selected site. Appendix III shows the comparable sales used by the appraiser.

The appraiser told us that the selected site was appraised at a higher value than surrounding properties primarily because it was (1) the only property zoned business-highway (a commercial zoning) left in the township, (2) close to the New Jersey Turnpike, Interstate Highway 195 and U.S. Route 130, (3) almost square in shape, and

(4) one of the best locations for potential development in the township. He said that, in his opinion, the Service selected the most expensive site in the general area. He also said that there were other industrially zoned properties in the area of similar or greater size at considerably less cost.

The Postal Service approved the appraisal without change and sent the owner a \$681,000 statement of just compensation dated September 10, 1974. After negotiations with the owner, the Service purchased the site for that price on December 30, 1974.

We identified through area realtors the following less expensive, available sites that the Postal Service did not consider because of its practice of not using open advertising or contacting realtors and local governments:

<u>Site</u>	<u>Zoning</u>	<u>Size (acres)</u>	<u>Selling price (per acre)</u>	<u>Total price</u>
A	Industrial	41	\$10,000	\$ 410,000
B	Industrial	41	4,800	196,800
C	Industrial	<u>a/125</u>	12,000	1,500,000
D	Industrial	30	12,500	375,000
E	Industrial	30	12,000	360,000
F	Industrial	<u>a/62</u>	6,900	427,800
G	Industrial	<u>a/52</u>	15,000	780,000
H	Industrial	28	15,000	420,000
Selected site	Business- highway	31	<u>b/22,000</u>	681,000

a/According to the realtor, these sites could be subdivided.

b/Rounded to the nearest thousand.

All of the above sites are within 1 or 2 miles of the selected site and, as the table shows, are from \$7,000 to \$17,200 an acre less than the Service paid for its site.

A Service regional office official stated that the Service can purchase industrially zoned land and favors such land if it meets Service needs. However, he said that he was not aware of any industrially zoned land available in the area of the subject site.

In addition, the Service, in rejecting five of the nine potential sites it identified (three of which were industrially zoned) due to a lack of sanitary sewer, water, and/or storm

CHAPTER 4

FEDERAL-LOCAL COORDINATION AND ENVIRONMENTAL ASSESSMENT

The Postal Service did not coordinate its plans to move from downtown Trenton with city officials. While better coordination may not have resulted in any action other than that taken, it may have resulted in greater understanding and better relations with the affected community.

INTERGOVERNMENTAL COOPERATION ACT OF 1968

Subchapter IV of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4231) required the President to establish rules and regulations for uniform application in formulating, evaluating, and reviewing Federal programs and projects to insure orderly development. The rules require, when possible, that:

- Full consideration be given national, regional, State, and local objectives, needs, and viewpoints in planning, evaluating, and reviewing Federal and federally assisted development programs and projects.
- All systematic planning of individual Federal programs be coordinated with and made part of comprehensive, local, and areawide development planning.

To implement this act, the Office of Management and Budget has issued Circular A-95. This circular was to facilitate intergovernmental cooperation by enabling State and local governments to comment on the consistency of proposed projects with State, regional, and local policies, plans, and programs.

Basically, Federal agencies responsible for (1) planning and constructing Federal buildings, installations, and other public works facilities and (2) acquiring, using, and disposing of Federal land and real property are required to consult with State and local officials and appropriate clearinghouses at the earliest practicable stage in project or development planning. Federal agencies are expected to obtain information about the relationship of their proposed projects to the plans and programs of affected State, areawide, and local governments and to insure maximum feasible consistency of their proposed projects with these plans and programs.

The Postal Service believes it is not required to comply with the act or with Circular A-95, but it has chosen to do so. Service policy is to contact local officials where a facility is to be located after the site has been selected. Coordination does not enter into the site selection process, and no contact is made with officials of other local governments which may be adversely affected by a decision to move an existing operation.

According to a Service headquarters official, the Service had not been complying either with current postal policy or with Circular A-95 in general. He attributed this problem to a lack of staff awareness about the need to coordinate and pointed out that a new real estate manual would soon be issued emphasizing the need to comply with the circular.

Trenton officials not contacted

Trenton officials said that the Service never contacted the city about its plans to construct a new facility outside the city. The site planning report did not consider any sites within the city--even though it was within the preferred site area--under the assumption that a site meeting the requirement of the Service could not be found within the city limits.

Postal officials at both the regional and local levels told us that the Service did not coordinate with city officials before selecting a site because it believed that such coordination would result in general public knowledge about the Service's desire to obtain land and result in an artificial increase in land values.

City officials stated that their primary complaint was that they were not given an opportunity to suggest a suitable site within the city and thereby have an input into a decision which could adversely affect the city. They expressed concern that, while some Federal agencies are investing Federal funds to rejuvenate the cities, other agencies are moving out of the city. The Mayor of Trenton said that movement of the Service from the central city will result in lost revenue to shops and restaurants in the city. He said that when this happens, the city's problems are made more difficult and result in the need for further Federal assistance.

City officials also told us that, had they been contacted, they may have been able to provide a site within the city which would meet the Service's specifications. The

officials indicated that land in a Federal urban renewal area located on State Route 29 and U.S. Route 1, a limited access, four-lane highway with interchanges close to the site, may have met the Service's needs. City officials said that the city would have guaranteed the Service that a site in the central city would not have been more expensive than the selected site. They said that the city would have used urban renewal funds to pay for any condemnation and relocation costs, and, if additional operational costs would be incurred as a result of staying in the city, arrangements could have been made to provide for payment by the city of these additional costs.

We did not attempt to evaluate the city officials' comments and are not in a position to know whether the site proposed by city officials would meet the Service's needs or whether satisfactory arrangements could have been made regarding possible increased operating costs. It is evident, however, that city officials would have done whatever they could to accommodate the Service. They simply never had an opportunity to satisfy the Service's needs.

Service's reasons for moving
from the city

The Deputy Postmaster General in a letter dated December 23, 1974--1 week before the Hamilton Township site was acquired--told the Mayor of Trenton that Service plans called for relocating mail-processing activities to a site away from the congestion of the central city. He told the mayor that this practice is generally followed when new mail-processing facilities are built because of considerations involving site availability and accessibility to highway transportation.

Most first-class mail travels by air for long distances or by truck for shorter distances. As a result, the Service attempts to locate its facilities close to major highways and/or airports.

The Service also requires large sites for its mail-processing facilities because of the need for large vehicle maneuvering space and the use of single story construction for most new facilities. Single story construction is generally more economical. The need for large sites often precludes the selection of a center city site.

The Postal Service, in a letter dated February 6, 1975, to the Mayor, pointed out that the city of Trenton encompasses less than one-third of the population to be served by the new facility, and, while the existing facility serves 14 post offices--2 of which are within city limits--the new facility will process mail for over 50 offices throughout central New Jersey.

Postal officials also cited crime and the lack of parking as considerations in deciding to move out of the city. An Equal Employment Opportunity specialist in the Postal Service told us that the personal safety of employees played a considerable role in the site evaluation. He said that the Service had surveyed about 5 percent of the work force as to their feelings about transferring from the central city to a proposed location about 10 miles away. The survey showed there was general agreement that such a move would be advantageous.

The specialist pointed out that only 332 employees reside in the city of Trenton and 685, including 281 who reside in Hamilton Township, live in the surrounding suburbs. Eighty percent of the employees commute in privately owned automobiles.

Conclusion

While we concur in the need for a new facility and recognize the employee relations and operational problems associated with the existing downtown location, we believe that the Service did an inadequate job of working with local city officials to minimize community relations problems. The city should have been contacted in accordance with Circular A-95 and given an opportunity to suggest a site within the city. We also recognize that the city may not have been able to provide such a site; nevertheless, it should have been contacted and made aware of postal plans affecting it.

Agency comments

The Service concurred (see app. IV) that it did not coordinate its facility planning process with the city of Trenton, but noted that it did advise the mayor of the reasons for its decision to move outside the city. The Service further stated that it is working to improve its facility planning process to insure that there will be better coordination on future projects.

U.S. POSTAL SERVICE

ENVIRONMENTAL ASSESSMENT

In accordance with Postal Service regulations, an April 1975 environmental assessment ^{1/} was prepared on the Hamilton Township facility. It did not note any significant environmental impact except during construction and in increased traffic flow. Recommendations were made to minimize this impact. The assessment also pointed out that the facility will require expansion of the present sewage treatment plant.

New Jersey currently has a sewer moratorium affecting the new facility. The Service, however, obtained permission from the State Department of Environmental Protection and the township to connect into the sewage system after the expansion of the treatment plant is completed in the spring of 1978.

^{1/}The National Environmental Policy Act of 1969 (42 U.S.C. 4321) required that environmental assessment and impact statements be prepared for major Federal actions. In a preliminary environmental assessment, an agency determines whether an action is expected to have a significant impact on the environment. If so, the agency prepares a detailed impact statement which identifies and analyzes the effect of a proposed action on the environment.

APPENDIX I

FRANK THOMPSON, JR.
4TH DISTRICT, NEW JERSEY

COMMITTEES:
EDUCATION AND LABOR
CHAIRMAN, SPECIAL SUBCOMMITTEE
ON LABOR
HOUSE ADMINISTRATION
CHAIRMAN, SUBCOMMITTEE
ON ACCOUNTS

Congress of the United States
House of Representatives
Washington, D.C. 20515

APPENDIX I

WASHINGTON OFFICE
2248 RAYBURN OFFICE BUILDING
20515

WILLIAM T. DEITZ
ADMINISTRATIVE ASSISTANT

ROBERT A. REVELES
EXECUTIVE SECRETARY

TRENTON OFFICE
P.O. BOX 1000
TRENTON, N.J. 08646

1975 JAN 28

January 27, 1975

B-171594

Honorable Elmer B. Staats
Comptroller General of the U.S.
General Accounting Office
441 G Street
Washington, D.C. 20548

Dear Mr. Staats:

Quite recently the United States Postal Service announced its intention to purchase thirty-one acres of land in Hamilton Township, New Jersey as a site for construction of a mail processing and truck maintenance facility. The decision has raised some controversy in my district. It is not my intention here to discuss the reasons which led the Postal Service to this decision for I was never consulted in that decision.

Nevertheless, the attached letter from Mr. Joseph H. Martin seems to merit attention. Mr. Martin has an excellent reputation for personal competence in his professional field. He questions the price paid by the Postal Service for this property. Frankly, I have no expert knowledge of land values in that area and therefore transmit his letter for your attention and consideration and whatever inquiry you may feel may be warranted.

Most sincerely,

Frank Thompson, Jr.

Enclosure

LIST OF SITES CONSIDERED BY THE POSTAL SERVICE

<u>Site</u>	<u>Location</u>	<u>Size (acres)</u>	<u>Reason for rejection</u>
1 (note a)	Hamilton Square, Yardville Road and I-19 ^e	Unknown	Sewage not available and an easement through a 25-acre historical site would be required with a lift station.
2 (note a)	Kuser Road near I-195	Unknown	No possibility of sanitary sewage.
3 (note a)	Hamilton Square, Yardville Road and Kuser Road	31+	No sewage-lift station and 3,000-foot forced main required.
4 (note a)	White Horse, Hamilton Square Road	Unknown	No sewage--2,500-foot forced main required. Located across from a park containing a retention pool for controlling drainage.
5 (note a)	White Horse, Hamilton Square Road (adjacent to No. 4)	45-	Same as number 4 above.
6	Nottingham Way Klockner Road	30	Traffic congestion in general and particularly during rock concerts and auto racing at adjacent fair grounds.
7	U.S. Route 130 and Klockner Road	31	(Selected.)
8	Northwest side of Mercerville and Quaker Bridge Roads (Route 533)	32-1/2	Acceptable and con- sidered as an alterna- tive site.
9	Adjacent to Hamilton Plaza Shopping Center between White Horse and Hamilton Square Roads and Yardville and Hamilton Square Roads	30	Required a zoning change.

Rejected in the site planning report and, therefore, not considered by
the site selection committee.

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TABLE OF COMPARABLE SALES USED IN
APPRAISING FAIR MARKET VALUE

<u>Sale no.</u>	<u>Price</u>	<u>Size in acres</u>	<u>Date</u>	<u>Price per acre</u>	<u>Adjustment factors</u>	<u>Ajusted price per acre</u>
1	\$180,000	15.457	7/73	\$11,654	1.49	\$17,379
2	330,000	9.856	7/73	33,482	.66	22,148
3	324,000	18.150	3/72	*17,851	1.15	20,519
4	374,850	22.305	3/72	16,805	1.19	19,965
5	535,425	32.550	7/72	16,449	1.33	21,848
6	150,000	8.889	7/71	16,874	1.09	18,392
7	348,000	9.500	12/71	36,631	.73	26,740
8	637,000	18.700	5/71	34,064	.77	26,229

Mean--\$21,652

Fair market value of selected site--\$22,000 per acre x 30.945 acres =

\$680,790; rounded = \$681,000



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THE POSTMASTER GENERAL
Washington, DC 20260

November 25, 1975

Mr. Victor L. Lowe
Director, General Government
Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Lowe:

Thank you for the opportunity to comment on your proposed report to Congressman Frank Thompson, Jr., on the Postal Service's acquisition of land in Hamilton Township, New Jersey.

We are pleased with the report's finding that there is a need for improved mail processing capability in the Trenton area, that the Service chose the proper economic alternative in acquiring that capability, and that the site selected for our new facility is one of the best in the area, and the best of those given serious consideration both from an operational and a construction standpoint.

Although the report says the Service did not consider some cheaper sites that were available a mile or two from the site selected, the report does not claim these other sites would have been equally suitable. Since these other sites are not identified, we cannot comment on their merits.

The sites that were formally considered were selected by the Service's own real estate personnel based on their knowledge of the area and of the Service's needs. Though our procedures permit the use of open advertising, we do not consider this approach appropriate in all cases. The Service's own real estate specialists have the professional expertise to narrow down the site possibilities to a reasonable range of alternatives. When a site is selected, the Uniform Relocation Assistance and Real Property Act of 1970 does not permit the Service to negotiate below the site's fair market value, which is what we paid for the site we acquired.

APPENDIX IV

APPENDIX IV

The Service did not coordinate its facility planning process with the City of Trenton, but as the report notes, the Service did advise the mayor of the reasons for our decision to move outside the city. We are working to improve our facility planning procedures to provide for better communication with local governments. In July, we issued a new handbook on realty acquisition which requires that proposed projects in excess of 20,000 square feet or involving more than one community or multiple Zip Code area be formally reported to the appropriate state and area clearinghouses to facilitate coordination with interested state and local agencies. In a planned revision to the handbook, we will extend this requirement to cover all facility projects, regardless of size. These measures will insure better coordination on future projects.

Sincerely,



Benjamin F. Bailar